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142

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. Whereas at the creation of USIA the criteria for taking over an enterprise in Austria was its former ownership (German or not), this problem was not considered at all as far as oil enterprises in Austria were concerned. As soon as an oil producing or processing enterprise was captured by the advancing Soviet Army, it was immediately put under Soviet administration and exploited. Only later, after numerous protests of non-German owners, was this arbitrary exploitation of foreign oil enterprises in the Soviet Zone of Austria to a certain extent modified.
 2. Following the occupation of the Soviet Zone of Austria and probably until about mid-1947, all oil producing and processing enterprises in this zone remained under Soviet military administration. During this period four foreign-stock oil enterprises were nominally re-turned to the original owners. [redacted] the names of [redacted] two of them [redacted] were Shell and Secony Vacuum. At the same time, it was ascertained that the oil enterprise EPG (Erd Petroleum Gesellschaft) had 50% Austrian and 50% German stock. Arrangements were made to permit the Austrian State to take over its 50% of the shares and the remaining part went to the Soviets.
 3. In mid-1947 the joint stock company, Gasoline of USIA (Otdeleniye Aktsionernogo obshchestva Gazolin, USIA) was organized in Austria. As the title indicates, this company was created as a part of USIA. However, at the end of 1948 or the beginning of 1949 an independent organization by the name of Soviet Oil Administration (Sovetskoye neftyanoye upravleniye) was created and entrusted with the task of administration of all oil producing and processing enterprises in the Soviet Zone of Austria. The offices of SMV were located at Vienna I, Kantgasse 1, and the organization was directly subordinate to the Oil Administration of GUSIMZ (Neftyanoye upravleniye GUSIMZa) in Moscow.

CONFIDENTIAL

50X1

CONFIDENTIAL

- 2 -

4. Leading personnel of SMV were as follows:

Director - Aleksey Sidorovich SIDORENKO;

Deputy Director and at the same time Chief Engineer - Rubens
Sagamonovich AGADZHANOV;Deputy Director for Commercial Matters - Nikolay Aleksandrovich (?)
GABUYEV;

Deputy Director and at the same time Chief Geologist - name unknown.

5. SMV had two main departments:

a. Procurement Department (Upravleniye dobychi)

b. Processing Department (Upravleniye pererabotki)

The administrative organization of both of these departments was very similar, on a smaller scale, to the organization of the SMV administration.

Procurement Department. ANISIMOV was head of this department. The department was responsible for the organization of the procurement of oil and was put in charge of all oil producing enterprises in the Soviet Zone of Austria, foreign property included. The offices of the Procurement Department were located in Vienna, directly opposite the USIA Club.

Except for the head of the department, the deputy head, and section chiefs, who were Soviet nationals, all employees of the Procurement Department were Austrians.

Processing Department. PAVLOV was head of this department. The department was responsible for the processing of oil and oil products and was put in charge of all oil processing enterprises, including foreign, on the territory of the Soviet Zone in Austria. The Processing Department was located in the same building as the SMV Administration (Kantgasse 1). As in the Procurement Department, all employees, except those in leading positions, were Austrian nationals.

6. The Administration of SMV had the following sections:

a. Commercial. Until the end of 1953 the head of this section was Vladimir Ivanovich ISTRATOV who was eventually replaced by an unknown individual who arrived from Moscow. The Commercial Section was responsible for the disposition of processed oil products (for the most part accomplished through TsKK of USIA) mainly to the USSR and Satellite countries. East Germany and Czechoslovakia were the leading consumers among the Satellite countries. A considerable part of the processed oil products was disposed of on the internal Austrian market. Except for ISTRATOV, all employees of the Commercial Section (there were approximately five) were Austrian nationals.

b. Finance. Head unknown. This section was responsible for the procurement of financial means for SMV administration. A part of the profits realized by SMV was used for the upkeep and operation of SMV enterprises and SMV administration. In this respect, SMV was a 100% self-supporting enterprise (khozraschetnoye predpriyatiye). Net profits of SMV were forwarded to the

CONFIDENTIAL

CONFIDENTIAL

- 3 -

50X1

USSR Finance Ministry through the Oil Administration of GUSIMZ, Moscow. In 1953, [redacted] the net profit of SMV in Austria amounted to 240,000,000 rubles. In addition to the section chief, the Finance Section had one Soviet economist. No Austrian nationals worked in this section.

50X1

- c. Planning. KRYLOV was head of this section. Four Soviet citizens worked in this section and no Austrian nationals were on duty here. The section was responsible for planning oil production and processing and preparation of all general plans and plan breakdowns connected with production and processing.
- d. Work Safety. There were three Soviet employees in this section [redacted]
- e. Legal. Vladislav Ivanovich USENIN was head of this section as of February 1954. There was one Soviet legal adviser by the name of ANDRIYENKO and three Austrian legal advisers. There was also an Austrian interpreter, Miss Iraida Il'inichna NOVAK, and one Austrian stenographer. The section was responsible for arbitration matters and court proceedings on behalf of SMV, legal advice given to the director of SMV, legal matters arising with regard to USSR ownership rights on the expropriated enterprises, employee contracts, etc. SMV was usually represented by an Austrian lawyer by the name of Dr. Destal, a private lawyer from Vienna, in the Austrian courts.
- f. First (Secret Document) Section. GLUKHIN was head of this section. There was also one Soviet inspector but no Austrian nationals. All SMV correspondence with Moscow was classified and channeled through this section.
- g. Foreign Language Section (Kurs inostrannykh yazykov). This section had one Soviet and four Austrian language instructors. German language classes were organized for the Soviet employees of SMV and were given free of charge. Advanced classes in English and French were also held for those with sufficient basic knowledge of these languages.
- h. Personnel. Ivan Ivanovich KRAYNYUK was head of this section. There were also one Soviet stenographer and three Austrian employees.
- i. Accounting Office. CHERNOV was head of this section. There were also seven Soviet accountants and bookkeepers and a large number of Austrians.
- j. Labor and Wage Section. This section was taken over by ISTRATOV at the beginning of 1954.
- k. Militarized Guard Section (VOKhr). ZAVYALOV was head of this section. The offices were located in the same building as those of the Procurement Department of SMV. Approximately 1,500 Austrian guards (CP members) were employed by this section for guard duty at the enterprises. The guards were armed with carbines and pistols and were paid very well.
- l. SMV Motor Pools. Motor Pool #1 was located in Vienna and Motor Pool #2 was located either in Schendau or in Zistersdorf (?). FOMIN was head of Motor Pool #2. Each of these motor pools was provided with a large number of tractors, trucks, bulldozers, and other mechanized equipment for SMV operations.

CONFIDENTIAL

CONFIDENTIAL
- 4 -

7. Also directly subordinate to SNU were:

- a. Deep Drilling Section (Kontora glubokogo bureniya). Head unknown. This section was responsible for drilling according to instructions received from the Oil Exploration Section.
- b. Oil Exploration Section (Kontora seizmologicheskoy razvedki). This section was responsible for exploration for natural oil resources.
- c. Technical Supply Section (Kontora material'no-tekhnicheskogo snabzheniya).

All three sections were located in Vienna.

- d. Central Oil Base (Tsentral'naya neftyanaya baza) in Lobau consisted of a Transportation Section and Central Laboratory. LISYUK was head of this base. The Transportation Section had three Soviet employees and was responsible for the organization of oil transportation via Austrian railroads. SHVYCHKOV was head of this section, and the section was equipped with a large number of locomotives and oil tank cars for transporting the oil. The Central Laboratory belonging to the base was responsible for laboratory tests of natural oil and processed products.
8. Foreign-owned oil enterprises in the Soviet Zone of Austria received Soviet Director-Comptrollers and were deprived of their commercial independence. Products of foreign oil-producing enterprises had to be sold to SMV at an artificially established low price. The latter would then sell this crude oil to foreign refineries in the Soviet Zone of Austria at much higher prices. Processed products of foreign refineries had to be sold to SMV again, thus giving a double profit -- once on crude oil resale and once on the processed oil resale. SMV also made large profits by charging the foreign oil enterprises for guard services (2,800,000 schillings annually) which were quite unnecessary, and for the salaries of Soviet Director-Comptrollers whom these foreign enterprises were forced to accept. All attempts of foreign firms to get rid of SMV sponsorship failed since SMV was not at all willing to sacrifice the handsome income made from foreign enterprises.
9. Austrian employees and workers of SMV were paid salaries which were 10% higher than those of equivalent Austrian workers. In addition to this, Austrian employees and workers of SMV received very generous longevity allotments.

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